FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1496267-000

Total Deleted Page(s) = 64
Page 23 ~ Duplicate;
Page 24 ~ Duplicate;
Page 25 ~ Duplicate;
Page 26 ~ Duplicate;
Page 27 ~ Duplicate;
Page 28 ~ Duplicate;
Page 34 ~ Referral/Direct;
Page 35 ~ Referral/Direct;
Page 36 ~ Referral/Direct;
Page 37 ~ Referral/Direct;
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Page 39 ~ Referral/Direct;
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Page 84 ~ Duplicate;
Page 85 ~ Duplicate;
Page 86 ~ Duplicate;
Page 89 ~ b3;
Page 90 ~ b3; b6; b7C;
Page 91 ~ Duplicate;
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X Deleted Page(s) X

FD-631 (11-28-86)

Springfield, IL 62704

June 9, 1992

[redacted]

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Dear [redacted]

The attached material obtained from you in connection with an investigative activity of the Federal Bureau of Investigation (FBI) is of no further value to this agency or the Department of Justice. The FBI is prohibited from destroying this material; therefore, it is being returned to you for whatever disposition you deem appropriate.

Very truly yours,

[redacted]

Special Agent in Charge

[redacted]

b6
b7C

By [redacted]
Supervisory Special Agent

Encl. 1

1 - Addressee
1 - File ( ) 1A-
(29A-SI-) 1B- 1
43764

Date Sent _____
Registry/BLNo. _____
Employee's Initials _____
Method of Shipment _____
Reimbursable Value (if any) _____

Sent to Contributor on 6/16/92 via RBR PM# 85635680 70 see 1A Section for package copy 80 FD-192

[redacted]

b6
b7C

[redacted]

29A-SI-43764-12

[redacted]

[redacted]

FD-340a (Rev. 10-3-77)

(Title) _____

(File No.) 29A-3657

Item	Date Filed	To be returned Yes	To be returned No		Disposition

See attached Form (2 Sheets)

3/17/89

[redacted]

b6
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SI-43764-1A

29A-3650-1A

SEARCHED [ ] INDEXED [ ]
SERIALIZED [ ] FILED [ ]
MAR 17 1989
FBI - SPRINGFIELD

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FD-340 (Rev. 4-2-85)

Field File No. _____

Serial # of Originating Document _____

OO and File No. SI 29A ~~3657~~ SI-43764 1A (1)

Date Received 3/2/89

From _____
(Name of Contributor)

_____
(Address of Contributor)

By _____
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

b6
b7C

_____

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b7C

[redacted] Pres. of Phoenix b6 b7C
Angel Fire - Rep. of Brewer.
County Colfax, New Mexico

[redacted] had

no dealings with Angel Fire loan
strictly [redacted] ~~OTBC~~.

Inadequate Appraisal
Questionable Business decision.

SILVER CREEK

Purchase of Time Share Loans not the property. b6 b7C

[redacted] was the escrow agent [redacted]

1,147,000.

Service for loan to Mountain Mortgage (Silver Creek,)
~~Corp~~ Corp. & they were to send # to FF. 5 & c w
delay report.

KEEP ATTACHED TO EXHIBIT
SI 29A ~~3654~~ 1A(1)
SI-43674

3/2/89

[redacted]

⑤ 6/23/86 - 2nd Option & 6/28/8- = $1,000,000 30 day
$1,000,000 - 90 day note. ; ③ 11/21/86 - $1 mil 90 day
3/13/87 - Accrued Fee - Paid - ($1,mil)

Silver Creek Mountain Project - Purchase b6 b7C

$ 382,213.54 - cash reserves as of 1/31/89
based on time share unaudited statements

2 time share ski resort.

Twin River + Silver Creek
$1,140,000 - initial loan ~~1989~~ June 20, 1985

[redacted] b6 b7C

gave Presentation to SC as broker for Silver Creek on 5/30/85. - $14,000 ~~total~~ initial Project.
"loan commitment fee" Paid by Silver Creek.

[redacted]

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Emerald Isles, NC

① Condo Inc.
2 transaction - construction loan
was for $850,000 Oct-10, 198-
May 4, 1987 paid in full.

Oct-1986 - [redacted] bought out [redacted]
[redacted] L.R. - now [redacted]
Early 1987 - Cambridge was bought by
[redacted]

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b7C

② line of credit to Emerald Isles
Condo Inc. on July 7, 1986 for
$1,000,000 secured by time share
rec. 12/86 increased to $1,250,000
current loan to 2/21/89. $892,879.0-
being paid as agreed.
due July 1991 - matur.

FD-340 (Rev.8-18-89)

Universal File Case Number 29A-SI-43764-1A (2)

Field Office Acquiring Evidence SI

Serial # of Originating Document _____

Date Received 6/16/92

From _____ b6 b7C
(Name of Contributor)

(Address of Contributor)

By _____
(Name)

To Be Returned ☐ Yes ☐ No
Receipt Given ☐ Yes ☐ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e) Federal Rules of Criminal Procedure
☐ Yes ☐ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

Evidence Package Copy of FD-192 for 1B1 returned to _____ b3 b6 b7C on 6/16/92.

KEEP ATTACHED TO EXHIBIT
SI 29A-SI-43764-1A(2)

[redacted] b3 b6 b7C

Attached is FD-192 Package Copy for evidence maintained at the RA for case 29A-3657-1B1

[redacted] b6 b7C

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date: 12/9/88

Title and Character of Case

UNSUB S;
Fraudulent Removal of Approximately
#34,000 from the 1st Federal Savings
and Loan Association, 200 West Main St.,
East Alton, IL.

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b7C

Date Property Acquired	Source From Which Property Acquired
12/5/88	

Location of Property or Bulky Exhibit	Reason for Retention of Property and Efforts Made to Dispose of Same
Evidence Room 5T	Evidence

To Be Returned	See Serial	Agent Submitting Property or Exhibit	Agent Assigned Case
☒ Yes ☐ No			

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

b3
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b7C

Description of Property or Exhibit

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal # _____

Signature of Two Special Agents Verifying and Sealing Bag Contents: _____ 29A-SI-43764-1B1

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

29A-3657 1B1

BLOCK STAMP

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
DEC 13 1988
FBI - SPRINGFIELD

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Field File # 29A-3657

OO: SI

EVIDENCE (PACKAGE COPY)

CHAIN OF CUSTODY

Accepted Custody	Date	Time	Released Custody	Date	Time
Signature [redacted] Reason Evidence	12/5/88	9:00AM	[redacted] Evidence Clerk c/o Springfield FC. via Reg. Mail # R266378926	9/14/89	5:00PM
Signature [redacted] Reason Storage	9/13/89	9:20 AM	[redacted] Mailed to [redacted] VIA ER RM # [redacted]	6/4/92	2:00 PM
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		

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Item No.	Remarks
Placed in evidence room on 9/13/89 9:20 AM	[redacted]

b6
b7C

EVIDENCE EVIDENCE

FD-340 (Rev.8-18-89)

Universal File Case Number 29A-SI-43764-1A (3)

Field Office Acquiring Evidence Springfield

Serial # of Originating Document _____

Date Received 6/25/92

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By _____ [redacted] _____
(Name of ~~Special Agent~~)

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To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

Registered Mail return receipt indicating
IBI released contributor

KEEP ATTACHED TO EXHIBIT
SI 29A-SI-43764 1A (3)

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

SPECIAL AGENT IN CHARGE
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
POST OFFICE BOX 3646
SPRINGFIELD, ILLINOIS 62708

U.S.MAIL

PENALTY FOR PRIVATE USE, $300

RETURN TO

Print Sender's name, address, and ZIP Code in the space below.

SPECIAL AGENT IN CHARGE
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
POST OFFICE BOX 3646
SPRINGFIELD, ILLINOIS 62708

29A-SI-43764-1B1

[redacted]

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☑ Show to whom delivered, date, and addressee's address. *(Extra charge)*
2. ☐ Restricted Delivery *(Extra charge)*

[redacted]

4. Article Number

[redacted] b3 b6 b7C

Type of Service:

- ☑ Registered
- ☐ Insured
- ☐ Certified
- ☐ COD
- ☐ Express Mail
- ☑ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. X [redacted]

6. Signature — Agent

X

7. Date of Delivery

8. Addressee's Address *(ONLY if requested and fee paid)*

PS Form **3811**, Apr. 1989 **DOMESTIC RETURN RECEIPT**

29A-3657-1

SEARCHED [ ] INDEXED [ ]
SERIALIZED [ ] FILED [ ]

JUL 1 1 1988

FBI - SPRINGF[illegible]

[redacted]

b6
b7C

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

San Antonio, Texas
September 3, 1987

[redacted] b6 b7C

BANK FRAUD AND
EMBEZZLEMENT

Late in 1984 or early 1985, [redacted] and [redacted] applied for a 17.5 million dollar construction loan with First Federal Savings of Austin (FFSA) for the purchase of land and construction of a hotel/ski resort called the Angel Fire Project in New Mexico. The loan was submitted to FFSA through an unknown loan broker. The original appraisal report submitted to FFSA in an attempt to gain the loan was prepared by [redacted] b6 b7C

[redacted] telephone [redacted] This appraisal of the property was in the amount of approximately 21 million dollars.

It was subsequently learned by FFSA that the Angel Fire Project was purchasing its land from Angel Fire Corporation, which was a wholly owned subsidiary of the Phoenix Group, Inc., which in turn was [redacted] b6 b7C

[redacted] Angel Fire Corporation owns a great deal of land in New Mexico, including the land the Angel Fire Project was to be built on, and the mountain at which the hotel was to be built at the base of. Angel Fire Corporation incorporated this land into a city of which the hotel lies close to the center.

In approximately December of 1985 or January of 1986, the Angel Fire Project got into trouble in its payments to FFSA. In approximately June of 1986, FFSA began foreclosure procedures against the Angel Fire Project. In an attempt to stall the foreclosure, [redacted] put the Angel Fire Project into bankruptcy in New Mexico. b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

RECEIVED
OCT 27 1987
Special Investigations
Department

[redacted]

[redacted] Between approximately June and December of 1986, [redacted] was negotiating the purchase of the Angel Fire Corporation from [redacted] During this period, FFSA continued its attempt to foreclose on the Angel Fire Project. In approximately January 1987, [redacted] and [redacted] began negotiations with FFSA to purchase the Angel Fire Project. In February of 1987, FFSA had the "stay" lifted on the Angel Fire Project, but because of a 60 day Right of Redemption rule in New Mexico, FFSA was unable to close a deal with [redacted] and [redacted] concerning the project until mid-April, 1987.

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Upon foreclosure of the Angel Fire Project, the foreclosure price was approximately 13 million dollars, or approximately 8 million dollars less than the original appraisal. FFSA has since filed and won a 7.5 million dollar deficit judgment in the courts of New Mexico against [redacted]. The 7.5 million dollars includes expenses encumbered in foreclosing on the Angel Fire Project, as well as all other expenses since the foreclosure and the remainder of the principle of the loan, bringing FFSA's basis in the property to approximately 20 million dollars.

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[redacted] and FFSA is anticipating a 7 million dollar loss on the project.

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[redacted] In early 1986, FFSA hired [redacted] to analyze the construction of the Angel Fire Project. [redacted] and five engineers have since analyzed the project with the results being presented to FFSA. [redacted] feels that the construction costs were severely inflated and has found many areas in which construction was done on a substandard basis. The construction company involved in this project was Area Builders of Midland, Texas, who received approximately 8 to 9 million dollars of the funds. Area Builders is [redacted] Area Builders has done work on several other projects in which [redacted] was involved.

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[redacted] Service Western Corporation, Dallas, Texas, an independent inspector hired by FFSA to oversee the Angel Fire Project, was responsible for the disbursement of funds of the 17.5 million dollar loan to [redacted] and [redacted] In a unique situation, [redacted] had an account set up at FFSA, over which he had signature, to make draws to the Angel Fire Project upon inspection of completion

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[redacted] b6 b7C

of work that was done and for which the funds were to be used. Under normal circumstances, the funds would have been paid directly from the bank to the builders. It is the opinion of both FFSA and [redacted] that [redacted] was not diligently overseeing the project and the disbursement of funds if there was a 7.5 million deficiency, and it is the opinion of FFSA that [redacted] could have possibly obtained monetary gain from the funds disbursed. It was [redacted] opinion that there could not have been as many cosmetic flaws in the construction as he had found if [redacted] had indeed been inspecting the work for disbursements. b6 b7C

[redacted] and [redacted] have since purchased the Angel Fire Project from FFSA. When [redacted] and [redacted] began negotiations to purchase the project they had in their possession a contract for purchase of the Angel Fire Corporation signed by [redacted] the Phoenix Group, Inc. It was FFSA's understanding that [redacted] did not want to sell but was forced into the sale by [redacted] the Phoenix Group. Part of the deal for [redacted] and [redacted] to purchase the Angel Fire Project was that FFSA supply them with a 6 million dollar loan and a 2.5 million dollar letter of credit to purchase the Angel Fire Corporation. The purchase of the corporation was a large factor in FFSA's sale of the Angel Fire Project to [redacted] and [redacted] FFSA felt that only the people who owned Angel Fire Corporation in the incorporated city thereof, could make the hotel/ski resort work because of its location. Part of the deal with [redacted] involved [redacted] and [redacted] putting up an additional 10 million dollars in collateral on the hotel/ski resort loan, as well as collateralizing 70 percent of the additional loan value. Also [redacted] and [redacted] b6 b7C

Since the foreclosure, [redacted] has hired [redacted] a financial advisor in Dallas, Texas, to handle his financial affairs. FFSA advised that [redacted] First Service Corporation (FSC), a subsidiary of FFSA, and [redacted] FFSA, have gone to discuss the deficit claim on [redacted] with [redacted] and [redacted] were met at the airport in Dallas and driven to [redacted] office in a limousine, had a meeting with [redacted] with negative results, and returned to the airport in the same limousine. [redacted] and [redacted] have both heard b6 b7C

[redacted]

b6
b7C

that they had been taped throughout their ride in the limousine and their meeting with [redacted]

In early July 1987, [redacted] was contacted by [redacted] concerning the Angel Fire Project. [redacted] advised [redacted]

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b7D

[redacted]

[redacted]

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b7C
b7D

Leads are being set for Little Rock, Arkansas, to conduct an interview with [redacted] and obtain the cancelled checks made out to [redacted] if indeed she possesses these. A lead is also being set out for Santa Fe, New Mexico, to interview [redacted] concerning the allegations of an inflated appraisal of the Angel Fire Project. An interview is to be conducted with [redacted] concerning his findings while inspecting the Angel Fire Project.

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This matter has been discussed with Assistant United States Attorney [redacted] Western District of Texas, who has advised to initiate an investigation into the above allegations.

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FILE: SI-0043764-SI (029A) 1A: 0001

ITEM	ENTERED	DESCRIPTION	DISPOSITION
01	10/19/89	ORIGINAL NOTES RE [redacted]	b6 b7C

4a2 #03

29A-SI-43764 1A ①

FILE: SI-0043764 (029E)

1A NO	DESCRIPTION
0002	EVIDENCE PACKAGE COPY OF FD-192 FOR 1B1 RETURNED TO [redacted] ON 6/16/92;

b3
b6
b7C

4Ã NUM #02

29E-SI-43764-1A (2)

FILE: SI-0043764 (029E)

1A NO	DESCRIPTION
0003	REGISTERED MAIL RETURN RECEIPT INDICATING 1B1 RELEASED TO CONTRIBUTOR

4Ã NUM #02

29E-SI-43764 1A(3)

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date: 12/9/88

Title and Character of Case

UNSUB S;
Fraudulent Removal of Approximately
$314,000 from the 1st Federal Savings
and Loan Association, 200 West Main St.,
East Alton, IL.

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Date Property Acquired	Source From Which Property Acquired
12/5/88	

Location of Property or Bulky Exhibit	Reason for Retention of Property and Efforts Made to Dispose of Same
Alton RA	Evidence

To Be Returned	See Serial	Agent Submitting Property or Exhibit	Agent Assigned Case
☒ Yes ☐ No			

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

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b7C

Description of Property or Exhibit

Items returned to Contributor on 6/16/92 per authorization of Supv. [redacted] See 1A Section for package copy of FD-192

b3
b6
b7C

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal # _____

Signature of Two Special Agents Verifying and Sealing Bag Contents _____

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

29A-SI-43764-3654 1B(1)

BLOCK STAMP

SEARCHED [redacted] INDEXED
SERIALIZED [redacted] FILED
DEC 13 1988
FBI - SPRINGFIELD

b6
b7C

Field File # 29A-3657

OO: SI

ORIGINAL (FILE COPY)

CHAIN OF CUSTODY

Accepted Custody	Date	Time	Released Custody	Date	Time
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		
Signature _____ Reason			_____		

Item No. **Remarks**

Fraudulent removal of
Approximately 314,000.00
FROM First Federal Savings +
Loan Association, East Alton, ILL.
200 west Main St.
BF+C (29A-
00:8I

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

UNKNOWN SUBJECTS;
FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000
FROM FIRST FEDERAL
SAVINGS AND LOAN
ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BANK FRAUD AND
EMBEZZLEMENT

This matter was predicated upon receipt of a Criminal Referral from the FEDERAL HOME LOAN BANK BOARD (FHLBB), 111 East Washington Drive, Chicago, Illinois, which was forwarded to the U.S. ATTORNEY'S OFFICE in the Southern District of Illinois, East St. Louis, Illinois. The Criminal Referral stated in 1985, the Board of Directors of this savings and loan underwent a dramatic change in its composition. Concurrent with this change, the Savings and Loan began a non-traditional lending and investing program. We believe that loans and investments acquired as a result of this new program are of extremely poor quality and have or will result in sizable losses to this savings and loan. [redacted] an investment broker whose company benefited from the savings and loan's purchase of some of these loss-producing investments. This same broker was directly or indirectly involved in the sale of loans which will likely result in losses to the savings and loan. This broker also introduced another broker to the savings and loan; this second broker brought many poor-quality loans to the savings and loan. After being [redacted] for only a short period of time, this broker [redacted]. b6 b7C This savings and loan apparently aided this broker in his acquisition of an investment company when its previous owner went to Federal prison. The management of this small savings and loan is primarily limited to [redacted] The new lending program was clearly out of his apparent range of expertise.

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

SA [redacted]

29A-3657-5

SEARCHED.....
SERIALIZED.....
INDEXED.....
FILED.....

b6
b7C

[redacted]

Bicentennial of the United States Constitution (1787-1987)

UNKNOWN SUBJECTS;

The identity of the subjects were omitted from the Criminal Referral by FHLBB citing the Right to Financial Privacy Act which, in their legal opinion, precluded releasing the identity of the individuals in the alleged criminal act. Upon establishing contact with FHLBB, it was determined a Federal Grand Jury subpoena would be required [redacted]

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On October 17, 1988, Assistant U.S. Attorney (AUSA) [redacted] Southern District of Illinois, East St. Louis, Illinois, advised [redacted] will be obtained pursuant to a Federal Grand Jury subpoena and if investigation established a criminal violation, he would pursue criminal prosecution.

FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:
☐ Teletype
☐ Facsimile
☐ _____

AIRTEL

PRECEDENCE:
☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

10/31/88

TO: DIRECTOR, FBI

FROM: SAC, SPRINGFIELD (29A-3657) (P)

SUBJECT: UNSUBS;
FRAUDULENT REMOVAL OF APPROXIMATELY
$314,000.00 FROM FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BF&E
OO: SI

Enclosed for the Bureau is the original and three copies of an LHM captioned as above.

Enclosed for Chicago Division is the original and one copy of a Federal Grand Jury subpoena, Southern District of Illinois, directed to [redacted] b3 b6 b7C

[redacted] Also enclosed for Chicago is one copy of the above LHM.

One copy of the above LHM is being disseminated to the U.S. Attorney's Office, SDI, East St. Louis, IL.

For information of Chicago, captioned matter referred by FEDERAL HOME LOAN BANK to U.S. Attorney, Southern District of Illinois, East St. Louis, IL., by letter dated June 28, 1988. Upon receipt of and review of FEDERAL HOME LOAN BANK referral, it was noted the "Criminal Referral" from the FEDERAL HOME LOAN BANK BOARD [redacted]

2-Bureau (Encls. 4)
2-Chicago (Encls. 3)
2-Springfield (29A-3657)
[redacted]
(6) [redacted] b6 b7C

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

29A-3657-6

SEARCHED [redacted]
SERIALIZED [redacted]
INDEXED [redacted]
FILED [redacted]

☆U.S. GPO: 1987 — 181-486

[redacted]

(FHLBB) excluded the names of the subjects in this matter, citing the FHLBB's interpretation of the Right to Financial Privacy Act. Telephonic contacts with FHLBB at Chicago, IL., in efforts to [redacted] was unproductive due to authorized FHLBB officials being away from the office until 10/14/88 when contact was established with [redacted] stated [redacted] could not be obtained without a Federal Grand Jury subpoena. b3 b6 b7C

On 10/27/88, enclosed Federal Grand Jury subpoena was obtained from AUSA [redacted] SDI, East St. Louis, IL. b6 b7C

LEADS: CHICAGO DIVISION

AT CHICAGO, ILLINOIS

Will serve enclosed Federal Grand Jury subpoena and provide documentation to Springfield.

FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

1

December 19, 1988
Date of transcription

The below-listed [redacted] b3
[redacted] by way of UNITED PARCEL SERVICE and received at the Alton Resident Agency of the FEDERAL BUREAU OF INVESTIGATION (FBI), 501 Belle Street, Alton, Illinois, on December 5, 1988. [redacted] were provided pursuant to a Federal Grand Jury (FGJ) subpoena which was issued in the Southern District of Illinois at East St. Louis, Illinois.

[redacted] b3 b6 b7C

29B-3657-7

SEARCHED INDEXED

FBI - [redacted]

[redacted]

GRAND JURY MATERIAL
[redacted] b6 b7C

Investigation on 12/5/88 at Alton, IL File # SI 29B-3657

by SA [redacted] Date dictated 12/9/88 b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 12/1/88

On Tuesday November 29, 1988, Accounting Technician [redacted] FEDERAL BUREAU OF INVESTIGATION, served a Grand Jury subpoena on [redacted]

b3
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b7C

[redacted] accepted the subpoena [redacted]

[redacted]

b6
b7C

29A-310577-8

SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]
JAN 11 1988
FBI - SPRINGFIELD

[redacted]

Investigation on 11/29/88 at Chicago, Illinois File # Chicago 29A-10427

by SA [redacted] Date dictated 11/29/88

b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

* U.S. GOVERNMENT PRINTING OFFICE: 1987-181-487:60512

FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:
- ☐ Teletype
- ☐ Facsimile
- ☒ ~~Airtel~~

PRECEDENCE:
- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION:
- ☐ TOP SECRET
- ☐ SECRET
- ☐ CONFIDENTIAL
- ☐ UNCLAS E F T O
- ☐ UNCLAS

Date 12/1/88

TO: SAC, SPRINGFIELD (29A-3657)(P)

FROM: SAC, CHICAGO (29A-10427)(RUC)

UNSUBS
FRAUDULENT REMOVAL OF APPROXIMATELY,
$314,000.00 FROM FIRST FEDERAL SAVINGS,
AND LOAN ASSOCIATION,
200 West Main Street,
East Alton, Illinois;
BF&E;
OO: SPRINGFIELD

Re Springfield airtel to Chicago dated 10/31/88.

Enclosed for the Springfield Division are the following: an executed Grand Jury Subpoena dated 10/26/88, Southern District of Illinois, and the original and one copy of an FD-302 that reflects the serve of that subpoena.

29A-3657-9

SEARCHED INDEXED
SERIALIZED FILED
JAN 11 1988
FBI SPRINGFIELD

2-Springfield
2-Chicago
[redacted]
(4)

b6
b7C

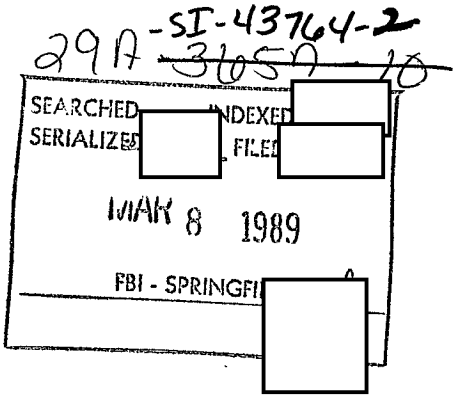
1*

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

ORIGINAL SUBPOENA returned 1/20/89 to USA's Office, East St. Louis, IL.

[redacted]

b6
b7C


29A-SI-43764-2
SEARCHED
INDEXED
SERIALIZED
FILED
MAR 8 1989
FBI - SPRINGFI

b6
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FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/89

[redacted] (date of birth [redacted]
[redacted] was made known the official identity of the interviewing Agent by show of credentials. [redacted] was interviewed regarding loans made by FFS&L identified as SILVER CREEK DEVELOPMENT COMPANY located in Grand County, Colorado; EMERALD ISLE located in Hot Springs, Arkansas, and ANGEL FIRE CORPORATION, located in Colfax County, New Mexico. b6 b7C

SILVER CREEK DEVELOPMENT COMPANY/MOUNTAIN INVESTMENT PROJECTS CORPORATION

The loan presentation regarding this loan was made to the FFS&L Board by [redacted] on May 30, 1985, regarding the purchase of SILVER CREEK time share loans. The FFS&L, at the time of the presentation, was looking for places to invest the savings and loan's funds. The presentation concerning the FFS&L purchasing first mortgages and notes of the SILVER CREEK time share units, but subsequently learned that they had also purchased time shares in TWIN RIVERS PROJECT owned by MOUNTAIN INVESTMENT PROJECTS CORPORATION. The time share units were located in two ski resorts which are comprised of SILVER CREEK DEVELOPMENT and MOUNTAIN INVESTMENT PROJECT. There were three guarantors in the project identified as WILLARD GETTLE, CALVIN E. KLANCKE and [redacted] WILLARD GETTLE was the President of SILVER CREEK DEVELOPMENT COMPANY and [redacted] is [redacted] of MOUNTAIN INVESTMENT PROJECTS CORPORATION. In early 1986, GETTLE and KLANCKE were killed in an airplane crash. The FFS&L purchase of time shares totalled $1,147,000 was made on June 30, 1985, with the understanding that the time share payments would be collected by MOUNTAIN MORTGAGE SERVICES CORPORATION (MMSC), which was owned by SILVER CREEK DEVELOPMENT COMPANY. MMSC was to receive the monthly payments and thereafter forward the money along with a delinquency report to FFS&L, however, the delinquency reports were not submitted. As of January 31, 1989, the FFS&L has realized a loss of $382,213.54 in uncollected payments on the time share b6 b7C

Investigation on 3/2/89 at East Alton, IL File # SI 29A-3657

by SA [redacted] Date dictated 3/3/89 b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

loans. The escrow agent for the $1,147,000 purchase was [redacted] b6 b7C It was noted that FFS&L received an initial profit of $14,000 as a "loan commitment fee" made by SILVER CREEK DEVELOPMENT COMPANY at the time the $1,147,000 purchase of time shares was made by FFS&L.

EMERALD ISLE

EMERALD ISLE is a time share development located in Hot Springs, Arkansas, and [redacted] b6 b7C The purpose of the loan was to acquire, develop and construct time share units. FFS&L made two loans to EMERALD ISLE. The first loan was for $850,000 made on October 10, 1985, for the construction of the condominiums. This loan was paid in full on May 4, 1987. The second loan was for $1,000,000 line of credit to EMERALD ISLE CONDOMINIUMS, INCORPORATED, on July 7, 1986, which is secured by time share loans. In December, 1986, the line of credit was increased to $1,250,000. The current loans total $892,879.05 as of February 21, 1989, and the loan is being paid as agreed. The loan does not mature until July, 1991.

It was noted that [redacted] bought [redacted] of Little Rock, Arkansas, in October, 1986, and is now doing business as [redacted] In early 1987, CAMBRIDGE FINANCIAL CORPORATION, the company which serviced the $850,000 construction loan to EMERALD ISLE, was purchased by [redacted] b6 b7C

ANGEL FIRE CORPORATION

The ANGEL FIRE CORPORATION loan was made to ANGEL FIRE CORPORATION, a wholely owned subsidiary of the PHOENIX GROUP, INCORPORATED, formerly LASATER, INCORPORATED, and [redacted] b6 b7C The purpose of the loan was unknown. The ANGEL FIRE RESORT DEVELOPMENT is located at Angel Fire, New Mexico. The

b6
b7C

initial loan was for $1,000,000 and made June 28, 1985, for 30 days. The loan was repaid and a second loan of $1,000,000 was made for 90 days on June 23, 1986. The second loan was paid and a third loan was made on November 21, 1986, for $1,000,000 for 90 days. Their loan was paid in full on March 13, 1987, and no loss was sustained by FFS&L.

AO 110 (Rev. 5/85) Subpoena to Testify Before Grand Jury ⊕

United States District Court

SOUTHERN DISTRICT OF ILLINOIS

TO: [redacted] b3

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR: [redacted]

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE	COURTROOM
Federal Courthouse 750 Missouri Avenue East St. Louis, Illinois	
	DATE AND TIME [redacted] b3

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

SEE ATTACHMENT

[redacted]

SI-43764-3 b3
29A-365-11 b6 b7C

SEARCHED [redacted] INDEXED ___
SERIALIZED ___ FILED ___
APR 24 1989
[redacted] NGFIELD [redacted]

☐ *Please see additional information on reverse*

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK	DATE
STUART J. O'HARE	4/18/89
(BY) DEPUTY CLERK [redacted]	b6 b7C

This subpoena is issued on application of the United States of America
UNITED STATES ATTORNEY

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
[redacted]
750 Missouri Avenue, Suite 357
East St. Louis, IL 62201
[redacted]

*If not applicable, enter "none"

AO 110 (Rev. 5/85) Subpoena to Testify B[redacted]e Grand Jury

RETURN OF SERVICE (1)

	DATE	PLACE
RECEIVED BY SERVER	April 20, 1989	Alton, Il
SERVED	April 20, 1989	[redacted]

SERVED ON (NAME)

[redacted]

SER[redacted]

TITLE

Special Agent - FBI

b3
b6
b7C

STATEMENT OF SERVICE FEES

TRAVEL	SERVICES	TOTAL
—	—	—

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on April 20, 1989 [redacted]
Date — Signature of Server

b6
b7C

501 Belle St., Alton, Il. 62002
Address of Server

ADDITIONAL INFORMATION

(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.

(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

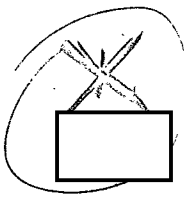
FD-302 (REV. 3-10-82)

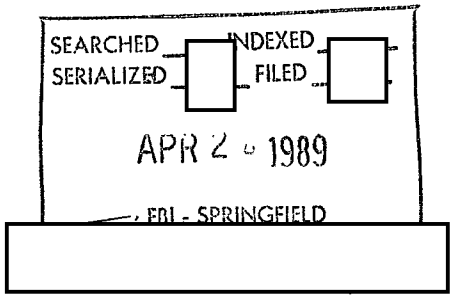
FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/24/89

[redacted] (date of birth [redacted]) b3 b6 b7C
[redacted] was served a Federal Grand Jury subpoena returnable [redacted] to the FEDERAL COURTHOUSE, 750 Missouri Avenue, East St. Louis, Illinois, which calls for [redacted]

[redacted]





[redacted] b6 b7C

GRAND JURY MATERIAL
DISSEMINATE ONLY
PURSUANT TO RULE 6(e),
Fed. R. Crim P.

SI-43764-4

Investigation on 4/20/89 at East Alton, IL File # SI 29A-3657-12

by SA [redacted] Date dictated 4/21/89 b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

U.S. Department of Justice

Federal Bureau of Investigation

Springfield, Illinois 62704

In Reply, Please Refer to
File No.

September 14, 1989

[redacted] b6 b7C

FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000 FROM
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BANK FRAUD AND EMBEZZLEMENT

This matter was predicated upon receipt of a Criminal Referral from the FEDERAL HOME LOAN BANK BOARD (FHLBB), 11 East Wacker Drive, Chicago, Illinois, which was forwarded to the U.S. ATTORNEY'S OFFICE (USA) in the Southern District of Illinois, East St. Louis, Illinois. The Criminal Referral stated that in 1985, the Board of Directors of the FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION (FFSLA), 200 West Main Street, East Alton, Illinois, underwent a dramatic change in its composition. Concurrent with the change, FFSLA began a non-traditional lending and investment program. The FHLBB was of the belief that the loans and investments acquired as a result of the new program were of extremely poor quality and had or would result in sizeable losses to the savings and loan. [redacted] was an investment broker whose company benefited from the savings and loans purchase of some of the loss producing investments. The same broker was directly or indirectly involved in the sale of loans which would likely result in losses to the savings and loan. This broker also introduced another broker to the savings and loan and the second broker brought poor quality loans to the savings and loan. After being [redacted] for only a short period of time, this broker (identity not provided) [redacted] The management of FFSLA (a small savings and loan) is primarily limited to [redacted] b6 b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

SI-43764-5
29A-3657-13

- 1 -

[redacted] b6 b7C

GRAND JURY MATERIAL
DISSEMINATE ONLY
PURSUANT TO RULE 6(e),
Fed. R. Crim. P.

SA [redacted]

[redacted] b6 b7C

[redacted] in the opinion of the FHLBB examiners. The new lending program was clearly outside of his apparent range of expertise.

The identity of the principals on whom the Criminal Referrals were made by FHLBB were withheld sighting the right to financial Privacy Act, which, in their legal opinion, precluded releasing the identity of the individuals in the alleged criminal act. Upon establishing contact with FHLBB, it was determined a Federal Grand Jury subpoena would be required [redacted] b3 b6 b7C

On October 17, 1988, Assistant U.S. Attorney (AUSA) [redacted] Southern District of Illinois (SDI), East St. Louis, Illinois, advised [redacted] would be obtained pursuant to a Federal Grand Jury (FGJ) subpoena, and if investigation established a criminal violation, he would pursue criminal prosecution.

On December 5, 1988, pursuant to a FGJ subpoena, [redacted] b3 b6 b7C

The FHLBB cited the loans to LASATER AND COMPANY violated the Federal "Loans to One Borrower" limitation, noting that the FFSLA loaned more money to LASATER than was allowed by Federal regulation. Of primary concern were three loans, which totaled $2.5 million that were secured by two real estate projects, EMERALD ISLE Time Share Units in Hot Springs, Arkansas, and ANGEL FIRE RESORT in Angel Fire, New Mexico. A third loan was to SILVER CREEK MOUNTAIN INVESTMENT, M.C. ASSOCIATES, and the aforementioned EMERALD ISLE. The SILVER CREEK loan was a $1.1 million loan that was secured by assignments of loans granted to purchasers of time share units in the SILVER CREEK MOUNTAIN PROJECT located in Grand County, Colorado.

Inquiry at FFSLA, East Alton, Illinois, pertained to the below listed loans:

[redacted] b6 b7C

SILVER CREEK DEVELOPMENT COMPANY/MOUNTAIN INVESTMENTS PROJECT CORPORATION

The loan presentation regarding this loan was made to the FFSLA Board by [redacted] and [redacted] on May 30, 1985, regarding the purchase of SILVER CREEK time share loans. The FFSLA at the time of the presentation, was looking for places to vest the savings and loans funds. The presentation concerned the FFSLA purchasing first mortgages and notes of the SILVER CREEK time share units, but subsequently learned that they had also purchased time shares in TWIN RIVERS PROJECT, owned by MOUNTAIN INVESTMENT PROJECTS CORPORATION. The time share units were located in two ski resorts, which are comprised of SILVER CREEK DEVELOPMENT and MOUNTAIN INVESTMENT PROJECT. There were three guarantors in the project identified as WILLIAM GETTLE, CALVIN E. KLANCKE and [redacted] WILLARD GETTLE was President of SILVER CREEK DEVELOPMENT COMPANY and [redacted] was [redacted] of MOUNTAIN INVESTMENT PROJECTS, INCORPORATED. In early 1986, GETTLE and KLANCKE were killed in an airplane crash. The FFSLA purchase of time shares totaled $1,147,000 on June 30, 1985, with the understanding that the time share payments would be collected by MOUNTAIN MORTGAGE SERVICES CORPORATION (MMSC), which was owned by SILVER CREEK DEVELOPMENT COMPANY. MMSC was to receive the monthly payments and thereafter forward the money, along with a delinquency report, to FFSLA, however, the delinquency reports were not submitted. As of January 31, 1989, the FFSLA had realized a loss of $382,213.54 in uncollected payments on the time share loans. The escrow agent for the $1,147,000 purchase was [redacted] It was noted that FFSLA received an initial profit of $14,000 as a "loan commitment fee", made by SILVER CREEK DEVELOPMENT COMPANY at the time the $1,147,000 purchase of time shares was made by FFSLA.

b6 b7C

EMERALD ISLE

EMERALD ISLE is a time share development located in Hot Springs, Arkansas, and [redacted] The purpose of the loan was to acquire, develop, and construct time share units. FFSLA made two loans to EMERALD ISLE. The first loan was for $850,000 made on October 10, 1985, for the construction of the condominiums. This loan was paid in full on May 4, 1987. The second loan was for $1,000,000 line of credit to EMERALD ISLE CONDOMINIUMS, INC., on July 7, 1986, which is secured by time share loans. In December, 1986, the line of credit was increased to $1,250,000. The current loans total $892,879.05 as of February 21, 1989, and the loan is being paid as agreed. The loan does not mature until

b6 b7C

[redacted] b6 b7C

July, 1991.

It was noted that [redacted] of Little Rock, Arkansas, in October, 1986, and is now doing business as [redacted] In early 1987, CAMBRIDGE FINANCIAL CORPORATION, the company which serviced the $850,000 construction loan to EMERALD ISLE, was purchased by [redacted] b6 b7C

ANGEL FIRE CORPORATION

The ANGEL FIRE CORPORATION loan was made to ANGEL FIRE CORPORATION, a wholely owned subsidiary of the PHOENIX GROUP, INC., formerly LASATER, INC., and [redacted] b6 b7C The purpose of the loan was unknown. The ANGEL FIRE RESORT DEVELOPMENT is located at Angel Fire, New Mexico. The initial loan was for $1,100,000 and made June 28, 1985, for 30 days. The loan was repaid and a second loan of $1,000,000 was made for 90 days on June 23, 1986. The second loan was paid and a third loan was made on November 21, 1986, for $1,000,000 for 90 days. Their loan was paid in full on March 13, 1987, and no loss was sustained by FFSLA.

On August 22, 1989, AUSA [redacted] SDI, East St. Louis, Illinois, advised he is declining Federal prosecution in this matter noting that [redacted] b5 b6 b7C

The following is a physical description of principals as obtained from the documents provided by FHLBB:

Name:
Last Known Address:

Date of Birth (DOB):
Social Security
Number (SSN):

Name:
Last Known Address:

[redacted] b6 b7C

[redacted]

b6
b7C

Year of Birth:
SSN:

[redacted]

FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:
- ☐ Teletype
- ☐ Facsimile
- ☒ AIRTEL

PRECEDENCE:
- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION:
- ☐ TOP SECRET
- ☐ SECRET
- ☐ CONFIDENTIAL
- ☐ UNCLAS E F T O
- ☐ UNCLAS

Date 9/14/89

TO : DIRECTOR, FBI (29-109170)

FROM : SAC, SPRINGFIELD (29A-3657) (C)

SUBJECT: CHANGED [redacted]
FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000 FROM
FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION;
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BF&E
OO: SI

b6
b7C

Title marked "Changed" to add the name of the subjects as provided by the FEDERAL HOME LOAN BANK BOARD (FHLBB), Chicago, IL.

Re Springfield airtel and LHM to the Bureau, 10/31/88, entitled "UNSUBS; FRAUDULENT REMOVAL OF APPROXIMATELY $314,000 FROM FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, 200 WEST MAIN STREET, EAST ALTON, ILLINOIS; BF&E, OO: SI".

Enclosed for the Bureau are the original and three copies of an LHM regarding captioned matter, which includes the U.S. Attorney's declination in the Southern District of Illinois, East St. Louis, IL.

b6
b7C
[redacted]

One copy of the above LHM is being disseminated to the U.S. Attorney's Office, SDI, East St. Louis, IL.

[redacted]

2-Bureau (29-109170) (Encls. 4) CLOSED
1-Springfield (29A-3657)

[redacted]

b6
b7C

DATE 9/19/89

SI-43764-6
29A-3657-14

INDICES Neg Pos By:
- ☐ FOIMS ☐ ☐
- ☐ Manual ☐ ☐
- ☐ Conf. ☐ ☐
- ☐ ELSUR ☐ ☐

Approved: Transmitted (Number) (Time) Per

Memorandum

To : SAC, SPRINGFIELD (29A-3657) Date 9/25/89

From : SSA [redacted] b6 b7C

Subject: FRAUDULENT REMOVAL OF APPROXIMATELY $314,000 FROM FIRST FEDERAL S&L ASSOC., EAST ALTON, IL
BF & E

OO: SI

Re: Director's airtel to All SACs and Legats captioned "Bank Fraud And Embezzlement Matters - Recent Legislative And Reporting Changes," dated 9/8/89.

Per directions in reairtel, each pending 29 case was reviewed and reclassified to conform to the new subclassifications established in the reairtel to become effective 9/24/89.

Therefore, this case, which was originally classified as a 29A matter, is to be reclassified as a 29E.

It is the responsibility of the Case Agent to send a teletype to auxiliary office(s) notifying AO of change in subclassification.

Reclassify 12/18/89 29A E - 10/2/89 [redacted]

[redacted] b6 b7C

2 - (29A-3657)
[redacted]
(2)

SI-43764-7
29E-3657-15

SEARCHED [redacted] INDEXED
SERIALIZED [redacted] FILED
SEP 27 1989
FBI - SPRINGFIELD

FD-467 (Rev. 9-9-76)

Director, FBI (29- 109170) 9/15/89

SAC, SPRINGFIELD (C) *(29A-3657) Att: General Investigative Div.
White Collar Crimes Section

First Subject Only: [redacted] b6 b7C
Name of Bank: FIRST FEDERAL SAVINGS AND LOAN
City, State: EAST ALTON, IL.

1. DATE CASE OPENED 7/18/89

DATE CASE CLOSED 9/15/89

2. GROSS LOSS $382,213.54

3. INSTITUTION Check block
   a. Bank ☐
   b. Credit Union ☐
   c. Savings & Loan - Savings Bank ☒

4. TYPE OF CASE
   a. Internal Fraud ☐
   b. External Fraud (Include Section 1014) ☐
   c. No violation determined ☒

CLOSE/RUC
4 5 6
DATE 9/25/89
SUPV. [redacted] b6 b7C

5. GENERAL INFORMATION
   a. Period of time case awaited prosecutive action by USA after completion of investigation
      1. ☐ within 3 months
      2. ☐ 3-6 months
      3. ☒ 6-12 months
      4. ☐ over 1 year

-SI-43764-8
29E-3657-16

   b. Case disposition
      1. Conviction and/or Pretrial Diversion ☐
      2. Prosecution declined:
         a. Nominal amount ☐
         b. Restitution and/or employment terminated ☒
         c. Other ☐
      3. Case closed on SAC's authority ☐

OPENED
CLOSED
INDICATED
FILED
[redacted] b6 b7C

2 - Bureau (29-109170) 1-Springfield (29A-3657)
* If control file number used add serial number

[redacted]

[redacted] I/DOJ

0-9 (Rev. 8-16-79)

TRANSMIT VIA: Airtel

CLASSIFICATION: Unclas

DATE: 10/10/89

FROM: Director, FBI (29-109170)

TO: SAC, Springfield (29A-3657)

[redacted] b6 b7C

FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000 FROM
FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BF&E;
OO: SPRINGFIELD

ReSIairtel and LHM to the Director dated 9/14/89.

Springfield is requested to submit to FBIHQ a revised LHM suitable for dissemination. Springfield is reminded that LHMs are disseminated to various regulatory agencies, therefore, grand jury material should not be included in the LHM.

For further details, Springfield should refer to the Manual of Investigative Operations and Guidelines, Part I, Section 29-6.1.

10/19/89
RE O+A
29A-3657
10/16/89
[redacted]

SI-43764-9
29A-3657 b6 b7C

[redacted]
INDEXED
FILED
OCT 13 1989
FBI - SPRINGFIELD
[redacted]

Closed
c/r was
[redacted]

FBI/DOJ

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Springfield, Illinois 62704

November 15, 1989

[redacted] b6 b7C

FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000
FROM FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BANK FRAUD AND EMBEZZLEMENT

This matter was predicated upon receipt of a Criminal Referral from the FEDERAL HOME LOAN BANK BOARD (FHLBB), 11 East Wacker Drive, Chicago, Illinois, which was forwarded to the U.S. ATTORNEY'S OFFICE (USA), in the Southern District of Illinois (SDI), East St. Louis, Illinois. The Criminal Referral stated that in 1985, the Board of Directors of the FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION (FFSLA), 200 West Main Street, East Alton, Illinois, underwent a dramatic change in its competition. Concurrent with the change, FFSLA began a non-traditional lending and investment program. The FHLBB was of the belief that the loan and investments required as a result of the new program were of extremely poor quality and had or would result in sizeable losses to the savings and loan. [redacted] an investment broker whose company benefited from the savings and loan purchase of some of the loss producing investments. The same broker was directly or indirectly involved in the sale of the loans which would likely result in losses to the savings and loan. The broker also introduced another broker to the savings and loan and the second broker brought poor quality loans to the savings and loan. After being [redacted] for only a short period of time, this broker (identity not provided) [redacted] The management of FFSLA which is a small savings and

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SA [redacted]

29A-SI-43764- [redacted]

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[redacted]

[redacted] b6 b7C

loan was primarily limited to [redacted] in the opinion of the FHLBB examiners. The new lending program was clearly outside his apparent range of expertise.

On December 5, 1988, [redacted] b3 b6 b7C

[redacted] The FHLBB cited the loans to LASATER AND COMPANY violated the Federal "loans to one borrower" limitation, noting that the FFSLA loaned more money to LASATER than was allowed by Federal regulations. Of primary concern were three loans, which totaled $2.5 million that were secured by two real estate projects, EMERALD ISLE TIME SHARE UNITS in Hot Springs, Arkansas, and ANGEL FIRE RESORT in Angel Fire, New Mexico. The third loan was to SILVER CREEK MOUNTAIN INVESTMENT, M.C. ASSOCIATES, and the aforementioned EMERALD ISLE. The SILVER CREEK loan was a $1.1 million loan that was secured by assignments of loans granted to purchasers of time share units in the SILVER CREEK MOUNTAIN PROJECT located in Grand County, Colorado.

Subsequent inquiry determined that loans in question were either paid in full or are being paid as agreed.

On August 22, 1989, Assistant U.S. Attorney (AUSA) [redacted] Southern District of Illinois (SDI), East St. Louis, Illinois, advised he was declining Federal prosecution in this matter, noting that [redacted] b5 b6 b7C

The following is a physical description of the

[redacted]

principles as obtained from documents provided by FHLBB:

Name:
Last Known Address:

Date of Birth:
Social Security
Number:

Name:
Last Known Address:

Year of Birth:
Social Security
Number:

[redacted]

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FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:
- ☐ Teletype
- ☐ Facsimile
- ☒ AIRTEL

PRECEDENCE:
- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION:
- ☐ TOP SECRET
- ☐ SECRET
- ☐ CONFIDENTIAL
- ☐ UNCLAS E F T O
- ☐ UNCLAS

Date 11/15/89

TO : DIRECTOR, FBI (29-109170)

FROM : SAC, SPRINGFIELD (29A-SI-43764) (C)

SUBJECT: [redacted] b6 b7C

FRAUDULENT REMOVAL OF
APPROXIMATELY $314,000
FROM FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION,
200 WEST MAIN STREET,
EAST ALTON, ILLINOIS;
BF&E
OO: SI

Re Springfield airtel to the Bureau, 9/14/89, and Bureau airtel to Springfield, 10/10/89.

Enclosed for the Bureau are the original and three copies of an LHM regarding captioned matter, which includes the U.S. Attorney's declination in the Southern District of Illinois, East St. Louis, IL.

A copy of the enclosed LHM is not being disseminated to the U.S. Attorney's Office, SDI, East St. Louis, as the U.S. Attorney's opinion was previously confirmed in LHM dated 9/14/89.

2-Bureau (29-109170) (Encls. 4)
1-Springfield (29A-SI-43764)

[redacted] b6 b7C

CLOSE/RUC [redacted] 5 DATE 11/20/89 SUPV. [redacted]

RECLASSIFY 29A to 29E FROM [redacted]

Reopen 29E 1/8/90 [redacted]

Close 5 1/8/90 [redacted] 1/9/90

29A-SI-43764-11

FD-467 in file

[redacted]

- 1 -

Approved: _____ Transmitted _____ (Number) (Time) Per _____

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X For this Page X
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